That is simply not the case. Moreover, as detailed in Sprint's initial comments, its total annual costs (including amortization of non-recurring expenses over five years) would amount to only $7.6 million annually. See, Sprint Comments at 31. NYNEX (at 10-11) claims that USTA understated the costs of OSS7 software deployment for independent LECs and failed to include any such costs for non-equal access end-offices. USTA has since substantially revised its cost estimate to increase the OSS7 costs attributable to end-office deployment of OSS7. As Sprint has discussed above, it believes that OSS7 need not be deployed to end-offices (thus facilitating extension of BPP to non-equal-access offices as well) and that the vast bulk of USTA's estimated costs can be avoided.

Finally, NYNEX (at 9) argues that inflation should be taken into account. To the extent that the implementation costs are hardware and software related, Sprint's recent experience is that such costs are dropping and may well continue to drop into the future. Furthermore, it is unclear whether the LECs built inflation into their estimates of operator expense -- the largest labor expense associated with implementation of BPP. In any event, it cannot be automatically assumed that there will be substantial inflation in such costs between now and 1997. If, as the RBOCs constantly complain, they are being besieged by competition from low-cost, non-unionized new entrants, one would expect that there would be downward pressure on their operator expenses that may equal or exceed any upward pressure.

2. OSP Implementation Costs

None of the major OSPs revised their previous cost estimates in their initial comments, although Sprint pointed out (at 33) that there was reason to believe AT&T's previous cost estimate is overstated. AT&T, while standing by its earlier estimate, now claims (at 21) that it would also incur "transition costs" of $80-$100 million due to stranded plant and related facilities if "front-end" operator functions on 0+ calls were transferred to LECs. AT&T makes no attempt to break down or substantiate these alleged "transition costs," and thus they can only be regarded as speculative. However, if AT&T believes that some of its operator facilities would be surplused by BPP, while at the same time major LECs project an increase in the need for operators, it seems logical to assume that business arrangements could be worked out for transfers of facilities that would be mutually beneficial to both parties. Moreover, if AT&T's operator-related plant and related facilities are surplused by BPP, AT&T might benefit from reductions in ongoing operator expenses which could offset (or perhaps even exceed) its claimed "transition costs".

AT&T (at 16-17, 21) and other parties (e.g., NYNEX at 5-6, ONCOR at 11 and Intellicall at 19-22) argue that OSPs would have to expend substantial sums in marketing to accompany the implementation of billed party preference. Intellicall and ONCOR cite this as a particular problem for companies that have heretofore only marketed their services to aggregators.

It is not clear to Sprint that the total marketing costs of the long distance industry would appreciably increase with the implementation of billed party preference over levels that would otherwise have obtained. There are three types of OSPs that should be considered separately in this regard.

First, full service carriers, large and small, can certainly be expected to expend funds on marketing their brand when conversion to BPP takes place. However, it cannot be assumed that such expenses would add to their total marketing budgets. Companies must periodically "refresh" their brands in the public's eye, and BPP will give such companies a theme for doing so. Absent BPP, their marketing campaigns might simple have taken another tack. This kind of marketing is just a normal part of the on-going competitive process. Moreover, BPP can be expected to have substantial overflow benefits for these carriers' 1+ services, since now all IXCs would be on a equal footing with AT&T for the convenience and ease of use of their complete package of service offerings -- 1+ and operator assisted.[25] Thus, the marketing dollars expended on BPP would benefit other service offerings as well. In short, full service carriers, large and small, will undoubtedly market their calling cards in a BPP environment,

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[25] Contrary to CompTel (Comments at 15) it would not be necessary for small, regional carriers to market their services on nationwide basis. They can continue to concentrate their marketing efforts in their home regions, and simply rely on secondary carriers to handle those customers' calls when they travel outside their carriers' service areas.

but there is no reason to believe their overall marketing expenses will be increased as a result.

Second, the alternative operator service providers who heretofore have marketed their services only to aggregators and have not participated in the 1+ market will undoubtedly face a business challenge. It is not possible to charge as much as $20 for a $4 call in a billed party preference environment where the customer who pays the charges will also choose which carrier to use. Whether these companies will even attempt to market themselves to consumers,[26] or simply redeploy their assets and their accumulated earnings elsewhere, remains to be seen. However, the Commission should not be deterred from adopting billed party preference because of the possibility that such carriers would have to expend substantial sums in marketing service which is not price-competitive.

The final category of operator service provider is the independent payphone providers that also provide their own operator services through the use of "smart" or "store-and-forward" payphones. These "carriers" are mainly in the business of providing payphone equipment, and enjoy a healthy stream of revenues from other sources, such as coin toll calls and local calling.[27] It is unlikely that these "operator

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[26] Some alternative OSPs argue that their costs are inherently greater than those of carriers that charge competitive rates. See, Section III.B.

[27] See Section III.C., below.

service providers," who presently have no capability of serving phones other than the ones they own, would have an interest in acquiring the operator service centers and transmission facilities needed to become full-fledged communications common carriers in a BPP environment, and that they would thereby incur significant marketing expenses.

3. Other Costs

ONCOR argues (at 12) that the Commission should also consider the "millions of dollars" in stranded investment by owners of public telephones (including pay telephones, hotel telephones, college dormitory and hospital room phones and the like) that were expended in order to comply with the TOCSIA unblocking requirements. CNS makes a similar argument (at 20), claiming that BPP would represent an unconstitutional taking of these parties' property because it could render their phones "worthless" (id. at 21). That is far from the case. In the first place, since BPP will not fully supplant access code calling, these parties will continue to be required by TOCSIA to operate equipment that unblocks access to such access codes. Moreover, their phones can continue to be used and useful. They may lose one of several revenue streams they now enjoy, but there is no constitutional right to receive any particular level of commissions from long-distance calls placed from one's telephones. This is not a case where property is being seized to be used by others. Rather, this situation is no different than any other business

venture that is subject to changed conditions, including changes in regulation designed to foster the public interest.

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It is useful at this juncture to summarize briefly the state of the record on the costs and benefits of BPP. It is clear that the Commission has substantially understated the benefits of BPP both by grossly underestimating the rates currently charged by alternative OSPs and by underestimating the commission payments of the large IXCs such as AT&T, MCI and Sprint. These understatements by the Commission would more than make up for any overstatement of the total market growth rate or underestimation of the amount of dial-around traffic in 1997. However, for the reasons explained above, Sprint believes that the Commission's estimates on both of these points are conservative and defensible. To the extent that market growth of traditional away-from-home calling may have been impacted by debit cards and use of wireless phones, these are both higher-cost alternatives to consumers, and implementation of BPP can be expected to shift traffic back from these services to lower priced calling card services with the same attendant benefits to consumers.

With respect to costs, there is no reason to believe implementation costs attributable to BPP are any higher than those previously estimated by the Commission. Several LECs show substantial reductions from previous cost estimates, and most increases in costs are attributable to either to expenditures Sprint believes are unnecessary, such as

implementation of OSS7 signalling in end-offices and balloting, or are highly questionable and insufficiently documented (such as increases in "live" operator costs, and the annual LIDB expense projected by Ameritech). Furthermore, there is no basis on this record for the Commission to increase its previous estimate of the implementation costs that would be incurred by IXCs. Thus, overall, the quantifiable benefits from BPP clearly outweigh the costs of implementation.

## III. OTHER ISSUES

In addition to the cost benefit analysis discussed above, there are a number of issues raised by other parties in their initial comments that warrant brief comment by Sprint.

### A. There Is A Real And Substantial Consumer Interest In Deploying Billed Party Preference

One recurring theme of the opponents of billed party preference is that there is no longer any need for billed party preference: consumers are becoming accustomed to dialing access codes to reach their preferred carriers (see, e.g., AT&T at 8, CompTel at 30, Bell Atlantic at 8-9, and BellSouth at 5), and that the TOCSIA requirements have eliminated blocking problems (Bell Atlantic at 8, ONCOR at 5 and AT&T at 10). Furthermore, it is asserted, the threat of dial-around calling gives alternative OSPs ample incentive to reduce rates and reduce commission payments (ONCOR at 22, LDDS at 9). These claims simply do not withstand analysis.

First, with respect to access code dialing, it may be true that some consumers have become accustomed to dialing access codes to be assured of reaching their preferred carrier, but that does not mean that they wish to do so or should be forced to undergo the inconvenience entailed in such a solution when better, easier and ultimately cheaper technical arrangements are possible. Moreover, the high charges which the alternative OSPs are still able to command would strongly suggest that some customers have not become accustomed to dialing access codes. Nobody wants to be "ripped off."

It is particularly disingenuous of AT&T and CompTel to tout the acceptability of access codes as a means of being connected to one's preferred carrier, when 0+ is also available (as it is for AT&T's customers roughly three-fourths of the time). In a proceeding before the California PUC, AT&T and the California Association of Long Distance Telephone Companies, a California trade organization akin to CompTel, joined in a motion in which they vigorously opposed access code dialing for intraLATA 1+ and 0+ calls.[28] They argued (at 2) that "[t]he lack of seven digit and 1+/0+ dialing parity for interexchange carriers ("IXCs") is discriminatory, anti-consumer and anti-competitive." They further stated (at 10) that if they have to use 10XXX access for intraLATA toll

[28] Alternative Regulatory Frameworks for Local Exchange Carriers, I.87-11-033, "Joint Motion for Order Establishing Requirements and Schedule for Implementation of IntraLATA Equal Access," July 18, 1994.

calls, "the intraLATA toll market will still not even begin to approach workably competitive conditions" and that "experience from the interstate market...has shown that consumers view dialing extra digits as a deterrent to the use of another carrier." They went on to relate (at 11) how the advent of equal access for direct dialed calls substantially boosted the market share of AT&T's competitors, a point made by Sprint in its initial comments in this proceeding (at 8-9).

Many of these parties cite the success of MCI's 1-800-COLLECT service as conclusive evidence that consumers are willing to dial access codes. No one questions this. Some customers dial around, others don't. The question is whether those who do not know about the access codes, or how to use them, or find themselves in a rushed situation, should be forced to pay much higher rates. Thus, the only logical inference that can be drawn from the success of 1-800-COLLECT is that some consumers are willing to dial extra digits for the promise of substantially lower rates and for the certitude that they will avoid the exorbitant charges imposed by alternative OSPs. It does not prove that, other things being equal, customers would prefer to dial an 11-digit 1-800 number rather than simply dialing 0+.

Some opponents of BPP point to "market research" as evidence that dialing extra digits is not a concern to consumers. Bell Atlantic (n.17 at 9) cites one market research study that shows that not having to use an access code was only the fourth most important feature for telephone

calling cards, and another study showing that 59% of Bell Atlantic calling card customers have placed calls using access using access codes. However, Bell Atlantic does not provide any information about how either of these studies were conducted, what other features (besides discounts) were asked about in the first study, or what the size and composition of the sample in either study was. Moreover, the fact that 59% of its cardholders may have used an access code does not mean that they wish to do so or that they do so frequently.

BellSouth relies heavily on a 1991 focus group which it claims (at 5) showed that the participants did not consider access codes to be a significant burden.[29] Focus groups consist of only a handful of people and are used to explore the in-depth attitudes of those people, not to provide a statistically valid sample of opinion. Moreover, there are ample indications in the focus group transcript that some participants regard access code dialing as inferior, other things being equal. For example, one respondent stated (p. 26) that "If I knew I was saving money, it [dialing an access code] wouldn't bother me. If I weren't saving money it would bother me." Another respondent replied (id.): "If it was any longer than 5 digits, yes it would bother me."

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[29] BellSouth appends the entire transcript of the focus group as Appendix C to its comments. However, the transcript does not identify which of the various respondents is speaking at any point in time, which makes it hard to interpret the results of the focus group.

If these RBOCs believe that having to dial an access code is not important to consumers, Sprint invites them to relinquish their 1+ dialing for intraLATA calls to the IXCs, and to employ access code dialing instead.

The second defense of the status quo -- that TOCSIA has solved the problems that existed before -- is untrue. As the Commission observed in its NPRM, the level of operator service complaints it has received is far greater now than in the period prior to the enactment of TOCSIA (Further Notice, n. 31 at ¶16). Attachment C to the Comments of NASUCA contains the results of a July 1993 study of privately-owned payphones in Austin, Texas undertaken by the staff of the Texas PUC. This study shows that 23% of private pay telephones completely blocked 10XXX access, one-fourth of the phones failed to include language notifying the caller that rates may be checked at no charge, 22% failed to provide the required notice of how to access other long distance carriers, and one out of six did not provide information on how to register a complaint. Only 60% of the payphones were completely unblocked, and only 35.5% of the phones were in total compliance.

Finally, it is simply fatuous for carriers like ONCOR and LDDS to assert that the threat of dial-around traffic is sufficient to moderate the rates of alternative OSPs, in view of the rates that they are charging today, as discussed above. In fact, dial-around traffic may well encourage these carriers to increase their rates for their remaining traffic.

Bell Atlantic (at 13-15) disputes the Commission's findings that billed party preference would end the advantages that AT&T has in the operator service marketplace. It argues that AT&T is still the dominant interexchange carrier and there is little reason to believe that implementation of BPP would have a significant effect on AT&T's market share. This is part of Bell Atlantic's world-view -- not yet embraced by any branch of our government -- that competition doesn't really exist today in the long distance market, and that the only way to introduce such competition is to let the RBOCs in.

Bell Atlantic's underlying premise is not worthy of response in this docket. There is vigorous competition in the long distance market, and most of the structural advantages AT&T once had have been eliminated. However, the Commission can take an additional step to increase the competitiveness of the long distance market. As Sprint discussed in its comments (at 22-24), AT&T still has unfair, inherent advantages under the present system in both the calling card and public phone premises presubscription market segments, and those advantages give AT&T an advantage in the 1+ market as well by giving consumers the impression that AT&T's total service package is easier and more convenient to use than those of its competitors. For this reason, Sprint believes that billed party preference should enable it and other competitors of AT&T to make overall market share gains against AT&T. However, even if that isn't the case, and we are only able, collectively, to increase our operator services market share

to our existing 1+ market shares, that in itself would be a significant advance in competition.

Finally, it is argued that BPP would increase customer confusion, rather than reduce such confusion, because BPP will not provide consistent treatment of all calls. See, e.g., LDDS at 3-6; see also, ONCOR at 25-31. This confusion would exist, according to LDDS, because billed party preference would not govern the handling of intrastate calls, 00- or 0-minus calls. We believe LDDS is mistaken in part, and overstates the potential for consumer confusion. In the first place, the Commission has tentatively proposed that 0- calls would be governed by billed party preference. Thus, those calls would not be routed to the 1+ PIC of the phone from which the call originates, as LDDS assumes. 00- calls would continue to be routed to the 1+ PIC, but Sprint is unaware that very many consumers even know that a 00- dialing sequence is available. If BPP is not extended to intrastate calls, then IXCs could instruct their customers to use an access code whenever placing an in-state call and dial 0+ whenever an out-of-state call is placed, or consumers could use their LEC for such calls on a 0+ basis. That is a far less desirable outcome than universal application of BPP, but it is a distinction that consumers could readily understand.

### B. Capping The Rates Of Operator Service Providers Is Not A Viable Alternative To BPP

Many parties suggest that a Commission-imposed rate cap on operator service charges would be a better alternative to

BPP.[30] Even assuming a rate cap could be effectively enforced (an assumption dealt with below), curbing the excessive rates now charged by alternative OSPs would not be a complete solution to the problems BPP is designed to address. It would do nothing to end the inherent advantages AT&T has carried over from its pre-divestiture monopoly in the calling card and public phone presubscription market segments. Nor would a rate cap address the secondary effects that AT&T's easier-to-use calling card gives it in the 1+ business and residential market segments. Second, a rate cap would leave the existing multi-hundred-million-dollar levels of premises owner commission payments imbedded in the cost structures of OSPs. Third, consumers would still be forced to go to the trouble and extra time to dial access codes when using proprietary calling cards or when they wish to be assured of reaching their preferred service provider.

It is also disingenuous of these parties -- all of which are thoroughly familiar with the limitations of the Commission's resources -- to even suggest that the Commission could effectively enforce a rate cap. Indeed, the fact that alternative OSPs (individually or through their trade associations) seek imposition of such a cap while charging high rates today suggests that they do not believe such a cap would effectively constrain their prices. There are hundreds

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[30] See, e.g., Bell Atlantic at 3, NYNEX at 13, AT&T at 9-10, CompTel at 39-46, Teltrust at 13-15, APCC at 30, Intellicall at 5-7.

-- probably several thousands -- of alternative operator service providers today. Any private payphone provider with a few "smart" or "store-and-forward" payphones acts an operator service provider and sets the rates for calls made from those phones. The Commission has never had, and is never likely to have, the resources available to police and effectively enforce a rate cap requirement against such a large number of entities. Since the continuation of premises owner presubscription of public phones would leave in place the incentives that now exist to overcharge the public, there is every reason to believe that alternative OSPs would continue to overcharge the public notwithstanding the rate cap and the possibility of Commission action to enforce that cap.

Many states have attempted to impose rate caps for intrastate calls, but have encountered problems in doing so. Even the Florida PSC, which has a well-established reputation for pro-active enforcement activities, has encountered numerous violations of the rate cap it imposed. In its August 18, 1994 Reply Comments, the Florida PSC (at 2) stated that through its program of test calls, it has identified overcharges in excess of $2 million, and concludes that its rate cap "is not a totally sufficient solution... ."

Furthermore, enforcement activities would have to be continual. Even though the Commission's preliminary attempts to investigate rates of OSPs in late 1991 resulted in modest decreases in charges by those carriers, the evidence discussed above shows that that effort had little lasting effect.

Without denigrating the sincere efforts of the Common Carrier Bureau's enforcement staff, the cold hard fact is that they have quite enough on their hands today, just trying to deal with the complaints filed by other parties, and the notion that they could undertake the investigative and prosecutorial efforts needed to enforce a rate cap against hundreds or thousands of OSPs is simply out of the question. Moreover, it would make no sense to seek enlargement of the Commission's enforcement staff to the size needed to effectively enforce a rate cap on OSPs. It is far better to institute a regulatory regime which provides the incentives to give good service at low rates rather than to leave in place a regime with the opposite incentives and to attempt to curb the natural behavior taken in response to those incentives.

Finally, it is clear that the alternative OSPs that suggest a rate cap are not really asking for a rate cap at all. CompTel, for example, argues (at 42-43) that the Commission should merely impose a "benchmark," accompanied by procedures that would allow OSPs whose rates exceed the benchmark to justify their higher rates, and suggests that constitutional constraints would require the Commission to accept higher rates if justified by the investment and costs of the alternative OSPs. Teltrust, too, in asking for a rate ceiling, states (at 14-15) that the Commission would have to consider the particular competitive environment in which small OSP/IXCs operate and states that their cost structures are quite unlike those of large IXCs. These alternative OSPs,

thus, are not really seeking a rate ceiling, but instead are hoping to swamp the Commission with hundreds or thousands of individual rate investigations.

It would make no sense for the Commission to consider the imposition of a rate cap mechanism with the type of escape valves that the alternative OSPs seek without also revisiting its open entry policies, under its Competitive Carrier Rulemaking decisions, that permitted these entities to enter the market in the first place. Sprint submits that it is impossible to reconcile the public convenience and necessity requirements of Section 214(a) of the Act with certification of carriers who claim that they must charge rates significantly higher than the rates of AT&T or other full service carriers. The only way alternative OSPs can charge such prices is by fooling or forcing a portion of the public to use their service. The public doesn't willingly pay such charges. Certainly, Sprint and MCI could not have successfully entered the long distance market had we done so by charging rates two or three or four times as great as those of AT&T even if, as new entrants, our initial costs may have been greater on a per-unit basis than AT&T's. It is hard to imagine that the Commission could find that the public convenience and necessity "require" the commencement of operations by a carrier that intends perpetually to charge rates above those of full service carriers for identical services. In Competitive Carrier Rulemaking, the Commission gave new entrants the choice of entering the market and

exiting at will if they could not become viable. If these alternative OSPs sincerely believe that their cost structures are such that they will never be able to match the rates of competitive, full service carriers, they should simply exit the market. Nothing in Competitive Carrier Rulemaking suggests that the Commission ever intended to allow a flexible entry policy to result in shoring up new entrants by permitting them to fool or force the public into paying rates significantly higher than those of the established carriers.

### C. If The Commission Goes Forward With BPP, It Should Not Create New Entitlement Programs In The Process

The alternative OSPs are not the only entities that seek continuation of the revenues streams they now enjoy. APCC argues (at 44-45) that private payphone providers are entitled to compensation for all losses they might incur as a result of the implementation of BPP. As discussed above, several parties argue that call aggregators should be compensated for the costs they incurred in unblocking their equipment. Pacific (at 4) supports "compensation to inmate facilities...that protects the revenue stream...to these customers." Pacific also asks (at 2) for extension of dial-around compensation (now confined to private payphone providers) to LEC-owned payphones, as does Ameritech (at 5).

The Commission is ill-equipped to embark on the creation of the multitude of entitlement programs that these entities seek. Sprint recognizes that the Commission has reserved the issue of increased dial-around compensation for private

payphone providers to a separate proceeding, and will not address that issue in detail here. However, it must be borne in mind that private payphone providers have entered their business free of regulatory compulsion to do so and may exit whenever they wish. Furthermore, while the comments of private payphone providers would leave the impression that they depend on high rates that they themselves charge or the high commissions they receive from OSPs, they ignore the fact that a relatively small proportion of their revenues comes from toll calls. Data submitted by APCC in its November 7, 1991 Comments in CC Docket No. 91-35 (at Appendix A, Table 1) showed that more than two-thirds of payphone revenues came from coin calls rather than 0+ calls, and coin calls will not be affected by billed party preference. If, as APCC and others claim, dial-around traffic has increased substantially since 1991, then the private payphone providers are even less dependent today on revenues from 0+ calls than the 1991 data would indicate. Furthermore, one of the principal reasons for implementing BPP is to make sure that the private payphone providers do not maintain their existing level of revenues, to the extent that such revenues come from overcharging the public.[31]

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[31] APCC argues, at length, that without privately provided payphones a substantial public need for payphone service would go unmet. The implication of this argument is that private payphone providers depend on revenues from 0+ calls to finance such phones, a proposition, which, as discussed above, appears not to be the case. In any event, these and similar issues can be dealt with in other pending proceedings that are more directly concerned with the regulatory treatment of privately owned payphones. See, Sprint's Comments at 35.

With respect to suggestions that prisons should also be guaranteed a continuation of their existing revenue streams, Sprint wishes to make clear that is does not for a moment dispute the proposition that adequate funding of federal, state and local correctional facilities is an important objective, and that provision of CPE that has capabilities to screen out harassing calls made to, for example, judges, arresting police officers, etc., is a worthy expenditure for these entities. However, it is the responsibility of the general public as taxpayers to fund the prisons. This Commission lacks both the expertise and the statutory authority to embark on a program of subsidizing prison operations at the expense of consumers of telecommunications services. Families of prisoners often are economically disadvantaged themselves and should not be burdened by the Commission with higher charges for the collect calls they receive.

The request of some BOCs for dial-around compensation is unaccompanied by any showing that they are on an equal footing with privately owned payphones or any showing of economic need. Their interstate payphone costs are recovered through their access charges, and they do not warrant additional ccompensation.

### D. The Commission Is Not Precluded By Law From Adopting Billed Party Preference

APCC argues at length (pp. 32-40) that the Commission lacks the authority to require aggregators to route traffic to the billed party's preferred carrier and that BPP would conflict with its pro-competitive policies. The short answer to APCC is that the existing system has clearly failed the interests of consumers, and the Commission has ample jurisdiction, under both Title I and Title II, to take corrective action. Equipment that abuses consumers by overcharging them or blocking their access to their preferred carrier (or impeding such access by requiring additional digits to be dialed) is not "privately beneficial without being publicly detrimental,"[32] it is publicly detrimental, and the Commission can act accordingly.

Iowa Network Services argues (at 4-5) that the TOCSIA legislation is the only means at the Commission's disposal of dealing with problems in the operator service industry, stating (at 5) that "Congress considered and rejected Bell Atlantic's request that Congress mandate billed party preference for all payphone operators." Sprint is not aware that Bell Atlantic ever made such a request to Congress, and Iowa Network Services provides no evidence of such a request. However, at the time Congress considered the TOCSIA legislation, Bell Atlantic had pending, before the Commission,

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[32] Hush-A-Phone v. United States, 238 F.2d 266, 269 (D.C. Cir. 1956).

a petition for rulemaking regarding implementation of billed party preference, and the Senate Report urged the Commission to address the issues raised in Bell Atlantic's petition as soon as possible.[33] Furthermore, nothing in the TOCSIA legislation, on its face, precludes BPP. TOCSIA gives guidance to the Commission on how to regulate operator services where the public phone premises owners, rather than consumers, choose the 0+ carrier. However, nothing in TOCSIA entitles premises owners to have that right for the indefinite future. In fact, BPP is fully consistent with the goals of TOCSIA: facilitating access to the consumer's preferred carrier and curbing excessive charges for operator services.

ONCOR argues (at 36) that the MFJ Court[34] considered and rejected billed party preference and instead mandated premises owner presubscription as a means of implementing equal access for BOC-owned payphones. This is a blatant distortion of the Court's decision. On the contrary, the Court approved premises owner presubsciption only as an interim step (348 F.Supp. at 365) and expressly held (at 367) that this option "does not fully meet" the equal access requirements of the decree. The Court warned (id.) that "in their choice of an interexchange carrier, many premises owners are likely to subordinate quality of service and price -- that are of

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[33] See, "Telephone Operator Consumer Services Act of 1990," S. Rep. No. 101-439, 101st Cong., 2d Sess., 4-5 (1990).

[34] U.S. v. Western Electric Company, 698 F.Supp. 348 (D.D.C. 1988).

paramount importance to the end users as well as to the purposes of the decree -- to the amount of commission they may receive from particular interexchange carriers." Instead, the Court held (at 367) that billed party preference (described at 361 and later referred to as the "LIDB system") "will permit full compliance with the decree" and articulated its expectation (id.) that the BOCs should continue working to implement such a system. In short, the Court embraced, rather than rejected, billed party preference as the only way to fully satisfy the equal access requirements of the MFJ.

E. Implementation Issues

1. 14-Digit Screening vs. 10-Digit Screening

Sprint discussed at length, in its initial comments (at 49-55), the reasons why it believed that 14-digit screening is necessary to fulfill the Commission's conclusion that both IXCs and LECs should have an equal right to issue a line numbered calling card ("BTN + 4" card) for use on a 0+ basis in a billed party preference environment. It may be noted that IXCs that oppose billed party preference nonetheless urge the Commission to require 14-digit screening if billed party preference is implemented. See, AT&T at 29-30, CompTel at 49-50.

Bell Atlantic is the only party that seriously questions the value of line-numbered cards, claiming (at 22) that consumers "do not especially care" if their cards are based on their telephone numbers. If Bell Atlantic believes that to be the case, it could simplify, at least partially, the 14 vs.

10-digit screening debate in its service area by simply ceding to IXCs the right to issue line numbered calling cards that could be loaded into its LIDB, and issuing its own calling cards in some other BPP-compatible format. In any case, for the reasons discussed at 49-50 of Sprint's Comments, it is self-evident that this card format is the most convenient one from the consumer's point of view.

The opposition to 14-digit screening comes from various LECs, who argue that it would add greatly to BPP implementation costs. However, none of these LECs addresses whether 10-digit screening could accommodate the Commission's conclusion that IXCs should have a co-equal right with LECs to issue a line numbered card. Ameritech, for example, states (at 18) that both the LEC and IXC could issue their own branded cards using the same card number, but does not explain how calls made on two different cards having the same number could be differentiated for purposes of billing and collection, customer service inquiries, and other issues regarding the carrier-customer relationship. GTE opposes both 14-digit screening and shared IXC/LEC joint cards (at 18-20) but does not discuss the inequity of allowing only a LEC to issue a line numbered card. Southwestern Bell (at 10-11) would agree to issue "shared" cards bearing both its and the IXC's name and logo, but does not address the customer-carrier relationship issues for such a shared card.

For the reasons explained in its initial comments, Sprint believes that 14-digit screening is clearly preferable to 10-

digit screening both in terms of giving IXCs an equal right with the LECs to issue line-numbered cards and also to facilitate competition in the IXC industry (particularly on the part of smaller carriers and new entrants). While not all LECs provided estimates of the added costs of 14-digit screening, the estimates of those that did appear to be quite modest in relation to the potential public benefits.[35] NYNEX (at 9-10) estimates that the total software cost for service control point and database administration systems would only amount to $12.3 million for all of the BOCs combined (which works out to $1.8 million per RBOC), that additional hardware costs would only amount to $800,000 per large LEC, and that its own ongoing administrative costs would only be $800,000 per year. Bell Atlantic estimates that its added costs of 14-digit screening would amount to only $3.8 million (Comments at 21) and does not show any recurring expenses. GTE estimates (in its Attach. A) initial costs of $5.1 million and recurring costs of $.25 million. This estimate is substantially above GTE's earlier estimate of $2.0 million[36] with no explanation for the increase. Southwestern Bell estimates its non-recurring costs at $16 million (up slightly from its earlier estimate of $15.6 million), and annual recurring costs of $1.2

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[35] It may be noted that in the absence of 14-digit screening, IXCs that have issued cards in the BTN+4 format would have to re-issue cards in a different BPP-compatible format or forego the advantages of 0+ dialing. The cost of reissuing cards amounts to approximately $2 per card, based on Sprint's past experience.

[36] See, ex parte letter dated June 25, 1993, at 2.